



The President's Daily Brief

September 11, 1975

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September 11, 1975

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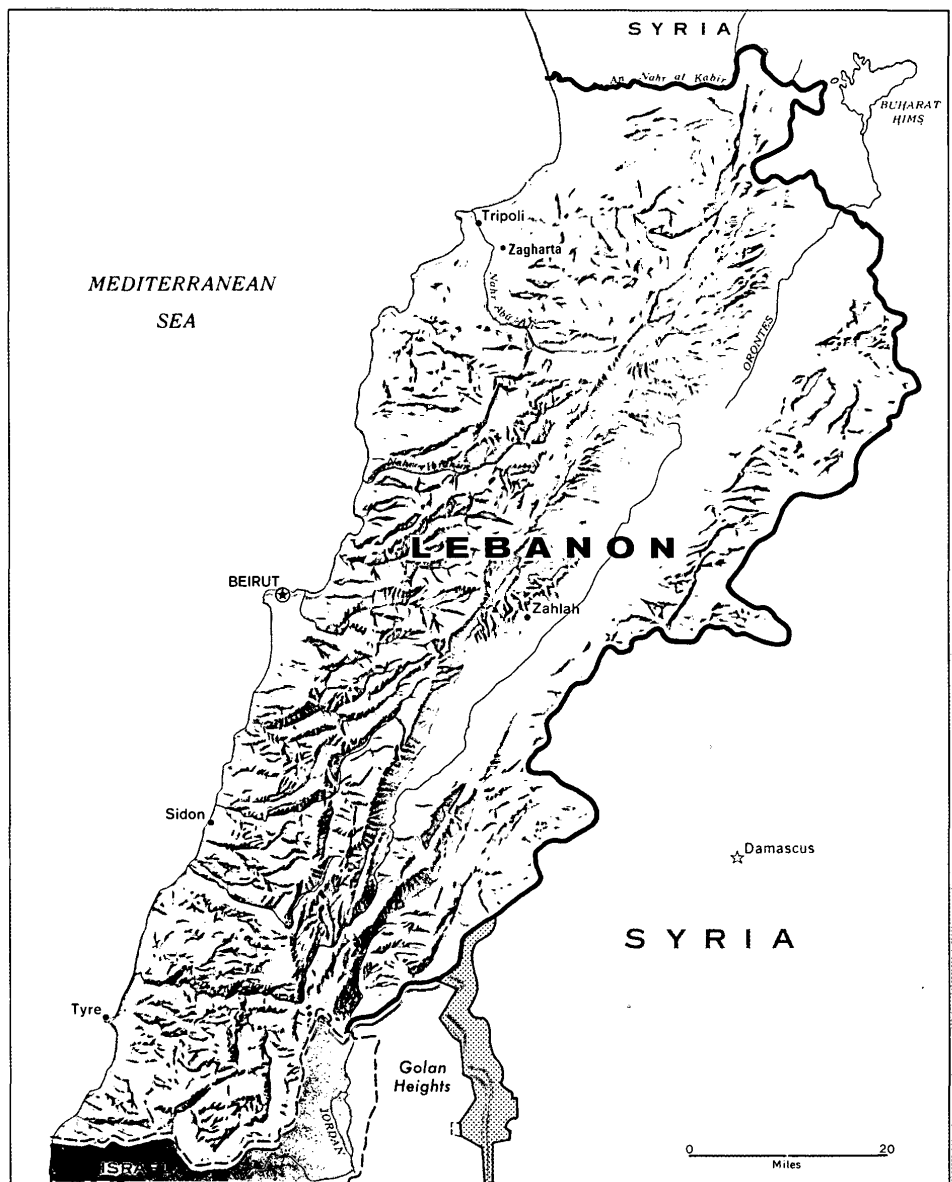
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LEBANON

Prime Minister Rashid Karami announced last night that the 17,000-man Lebanese army will take up positions in a buffer zone to be created between Muslim and Christian strongholds in northern Lebanon. The zone will separate Tripoli district, which is 78 percent Sunni Muslim, from adjoining Zagharta district, which is 90 percent Maronite Christian.

The army will seek to avoid being drawn into the fighting by staying out of the metropolitan areas of Tripoli and Zagharta, where security will remain the responsibility of the internal security forces. The army, however, will "separate the combatants if fighting breaks out again." In reality, the fighting--although sharply reduced--has not yet stopped, and army units are sure to suffer some casualties while moving into position.

Use of the army, which Christians had advocated during three days of cabinet debate, was made possible by President Franjiyah's accedence to Karami's demand that the army commander, Iskandar Ghanim, be replaced. The new commander is General Hanna Said, formerly commander of a military region in eastern Lebanon.

Said, like Ghanim, is a Maronite Christian. He has generally supported centrist Christian and Muslim politicians who over the years, however, have been at odds with the more conservative Franjiyah and Interior Minister Shamun. His appointment thus represents a compromise between Christians and Muslims.

Karami announced that the cabinet had decided to use the army only after "contacts with the disputing parties." The Muslim and Christian factions that have been fighting in the Tripoli area probably were receptive to such a proposal. Both had suffered heavy casualties, and--because they had not been resupplied by the major fedayeen groups or the large Christian militias--were short of ammunition.

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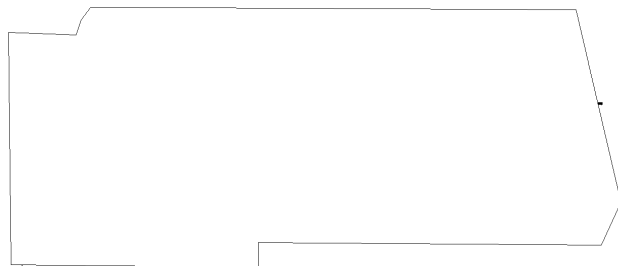
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According to the US embassy in Beirut, Karami yesterday also sought the acquiescence of Palestine Liberation Organization chairman Yasir Arafat. Arafat and leftist Lebanese leaders like Kamal Jumblatt probably will go through the motions of condemning Karami, but they are not likely to take up arms against the army. At present, even the major Palestinian and leftist leaders have an interest in avoiding more serious fighting in Lebanon.

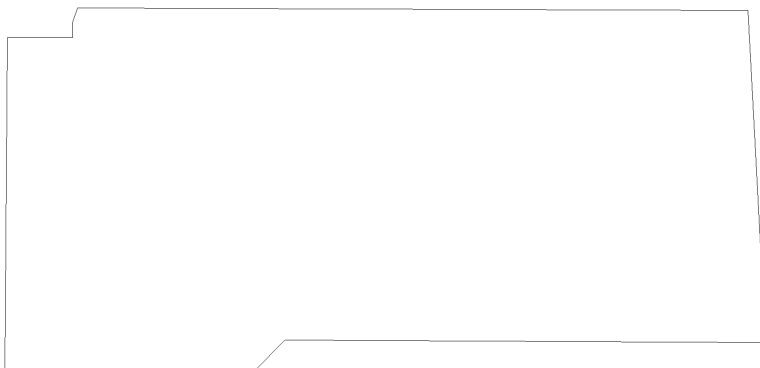
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ISRAEL-LEBANON



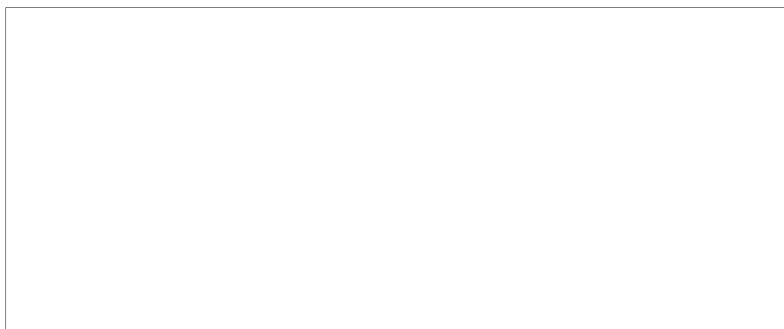
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PORTUGAL

The influx of refugees from Angola is straining government resources and is already changing the political equation. Only 75,000 of an expected 375,000 Portuguese have been repatriated so far. Despite the government's optimism about its ability to dispense assistance to the returnees, the mechanism is not keeping up with daily needs.

The refugees are bitter over financial losses and the disruption of their lives and generally blame pro-Communist elements in the government and military for their plight. Most of the refugees are originally from northern Portugal, where their problems and the sympathetic local response have further aggravated discontent in the region.

The refugees have begun to organize and have already demonstrated that they have fewer inhibitions about resorting to violence than their compatriots. Several rallies and demonstrations have erupted into violent confrontations with counter-demonstrators or security forces, and refugees participated in many of the attacks on Communist offices in the north.

In the short term, the returnees will support the anti-Communist faction within the military and the democratic parties. But unless these political groups can deal significantly with the refugees' problems of unemployment and related needs--and this seems doubtful--the returnees will become a volatile element in Portugal that will create further instability.

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PORTUGAL-AZORES

Gains by the anti-Communist forces in Portugal, coupled with improved prospects for local autonomy, seem to have lessened the likelihood of an armed rebellion in the Azores.

Sources have told our consulate in the Azores that the Azorean Liberation Front missed a unique opportunity to move when pro-Communist former prime minister Vasco Goncalves was still in power. Now, not only has Goncalves been effectively removed, but local targets, such as the Communists and unpopular local officials, have been scattered and no longer represent a visible threat to Azorean aspirations.

The Azoreans' traditional discontent--such as their desire for greater autonomy, economic inequities between the islands and Portugal, and a lack of understanding of Azorean problems in Lisbon--can be substantially overcome if the recently formed governing junta, made up of prominent Azoreans, is allowed to function without undue mainland interference. The junta, headed by the locally popular and politically skillful military governor, General Altino de Magalhaes, has been asked to set up a new permanent government for the archipelago. It has been given a generous budget, which should effectively help to counteract charges of economic neglect.

General Magalhaes, who has just completed an inspection tour of the islands, said that most Azoreans on reflection now realize that independence would create serious problems. He also said that most of his troops no longer support a rupture. The general's assessment of the sentiment now opposed to independence may be exaggerated, but there is little doubt where he stands on the issue.

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CHINA

The factionalism among Chinese leaders now appears to include more direct opposition to Chairman Mao.

An article in China's second leading daily newspaper strongly suggests that some factions are using the current criticism of an ancient Chinese novel as a means of expressing their opposition to the Chairman. The article, published on August 30, seems to make a vigorous defense of Marshal Lin Piao, who fell from power after an abortive coup attempt in 1971, and is almost certain to be read in China as a call to oppose Mao.

Articles such as these suggest that the main protagonists in the criticism of the novel are Mao and some elements in the military. Since the fall of Lin Piao, Mao has been persistent in his efforts to purge several military men who, he apparently believes, were in league with Lin and harbor pro-Soviet tendencies. At least some of the articles may be an attempt by the military to stave off yet another move against them by the Chairman.

Mao's own view seems to be represented by a *People's Daily* editorial of September 4 that calls the criticism of the novel a study in "capitulationism" and makes specific reference to capitulating to the Soviet Union--a theme apparently aimed at the military.

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NOTES

The Voice of Palestine radio in Baghdad reported yesterday that Egyptian President Sadat escaped an assassination attempt in Alexandria within hours after he initialed the Egyptian-Israeli disengagement agreement last week.

The Palestinians, along with the Iraqis, often are the source of inaccurate reports on Egypt; either would be entirely capable of fabricating an assassination story to cause disquiet in Egypt. Sadat is prone to pour out his woes to our ambassador in Cairo, and probably he would have told him if such an attempt had been made. While we doubt the Baghdad story, we do think that Sadat now is a prime target for Arab terrorists.

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The USSR, [redacted] has bought 1 million tons of soybeans. [redacted]

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Moscow will use the soybeans to augment this year's poor harvest of feed grains and forage crops. The Soviets have made only one major purchase of soybeans before--1.2 million tons from the US in 1972. Soybeans can also be processed into vegetable oil, but the USSR will probably produce enough vegetable oil this year to meet domestic requirements.

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[redacted] Soviet [redacted]

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[redacted] Somalia [redacted]

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Portuguese Socialist leader Soares made a successful bid last week at the London meeting of West European Socialist leaders to get more financial support for his party from his Socialist colleagues.

In a reversal of their policy, the French Socialists now intend to begin an extensive program of assistance. The conferees agreed to encourage visits by key Portuguese political and military leaders and to organize "solidarity campaigns" in European countries. They also agreed with the EC position, however, that government assistance to Portugal should be withheld until there is clearer evidence that Lisbon is moving toward a democratic political system.

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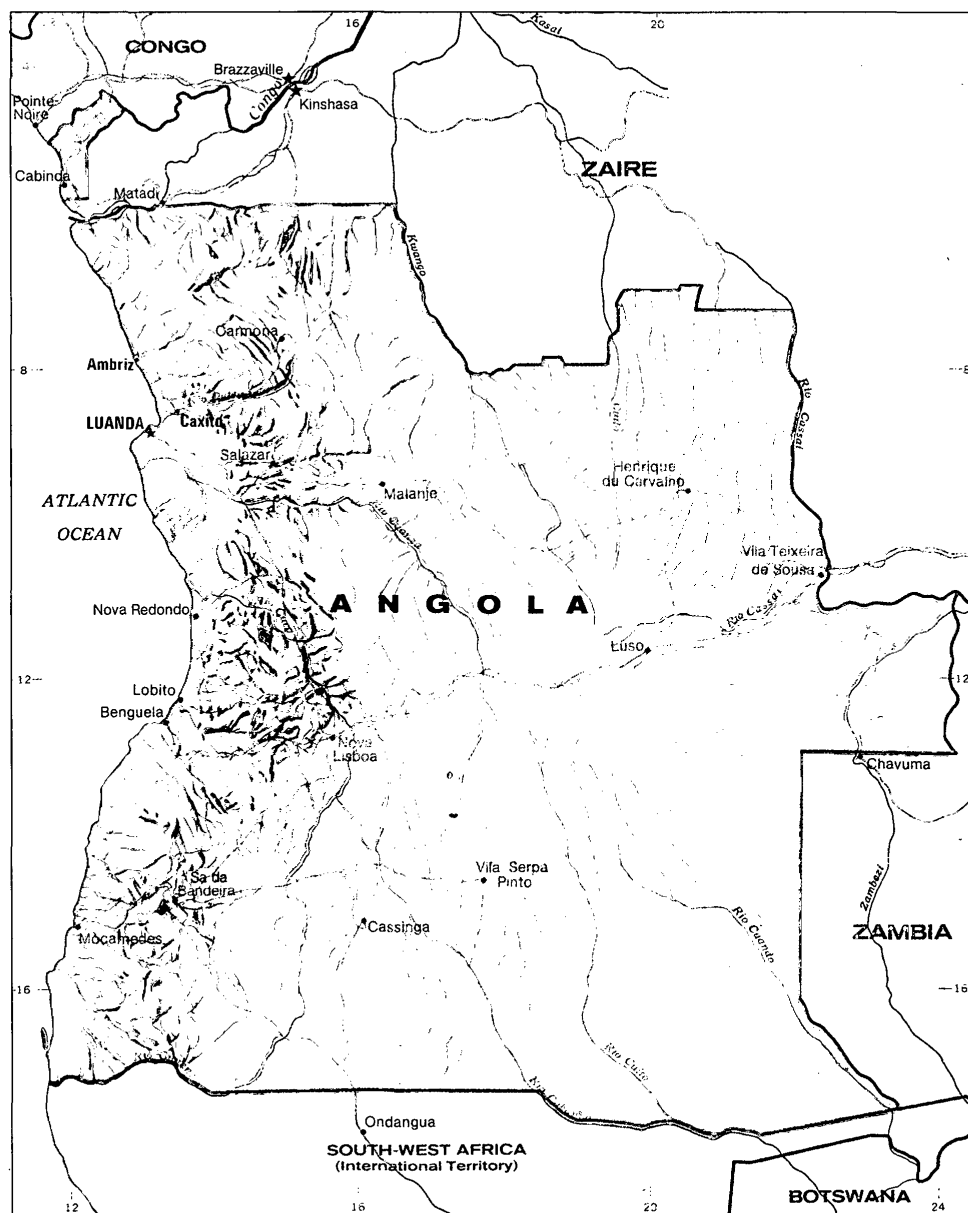
The Soviets are turning more and more to the Eurodollar market to finance a hard-currency trade deficit that could run as high as \$3 billion this year.

The First National City Bank of New York has agreed to arrange a five-year \$400-million Euro-dollar financial credit for the Soviet Foreign Trade Bank. Other US banks also are likely to participate in the consortium loan, which will be the fourth time in the past ten months that Moscow has tapped the Eurodollar market. The \$800 million raised by these loans will reduce the pressure on Moscow to sell gold in a market depressed by the International Monetary Fund's decision to reduce its gold holdings. If the Soviets use the Euro-dollar loans this year in addition to an estimated \$1.5 billion in net import credits, they will need to sell only \$700 million in gold to cover a \$3-billion deficit.

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The Lao communists are accelerating pressure against Prime Minister Souvanna Phouma and King Savang, and it seems likely that both will be forced from office by early next year.

The Pathet Lao, until now, have treated the monarchy and Souvanna with circumspection. The communist-controlled government radio this week replayed a statement Souvanna recently made to a news correspondent to the effect that he would not join the government which would be formed after the "general elections" scheduled for April 1, 1976.

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[redacted] The communists have also begun to whittle away at the privileges of King Savang.

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